

# **NEW HAMPSHIRE STATE LIQUOR COMMISSION**

## **MINUTES OF MEETING – NOVEMBER 5, 2003**

**PRESENT:** Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; Craig Bulkley, Bureau Chief of Administrative Services; Aidan Moore, Chief of Enforcement; Howard Roundy, Director of Information Technology; Peter Engel, Director of Store Operations; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer.  
Guests: Al Picconi, United Beverages, Inc.

**EXCUSED:** John Bunnell, Administrator of Marketing & Sales

### **I. FINANCIAL & ADMINISTRATIVE REPORTS**

#### **1. Financial Reports:**

##### **A. Weekly, Y-T-D Sales Reports:**

The SA1000 report for the week ending November 2, 2003 shows retail sales were up almost 4.3%, on-premise sales were up around 6.7%, off-premise sales were up 15.6%, and total aggregate sales were up about 7.3%. The traffic count increased by 1,825, but the average sale was down by \$.39.

The W-I Total Weekly Sales report for the same week confirms total sales were up almost 7.3% or \$453,803 for the week, and were also up for the year by 8.8% or \$10,945,097. Wine sales for the weekly comparison increased 9.3% or \$281,857, as they did for the year by 9.4% or \$5,162,997. Sales of spirits increased 5.36% or \$171,946 for the week, and also were up year-to-date by 8.43% or \$5,782,301.

A look at the current W-6 Outstanding Depletions and Post-Offs report shows only one broker in arrears at this time. If a check is not received today, they will be contacted.

There was nothing of significance to report regarding the gift card program or workman's compensation.

Craig previously provided the Commission and John Bunnell with a copy of the fleet policy draft, for which he had several suggestions for additional items. If the Commission voices no objection, he will prepare a log form to go with the car. He will ask Howard Roundy to set up a reservation system on Outlook so that employees can reserve the fleet car in advance.

Work is being done on the venture fund request for e-licensing software for the Bureau of Enforcement. This will be submitted as soon as additional information is received from OIT pending their negotiations.

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Last week Craig sent out an e-mail regarding a meeting with Joe D'Allessandro and other Personnel staff concerning Cigna. If employees are incurring serious problems, there is a process for requesting assistance through the Payroll department and/or Veronica Indyk, who have been briefed on this. Commissioner Byrne said he didn't think employees understand that the new state contract with Cigna has lower payment rates than Anthem, and that the cost savings is at the cost of the employees. Craig said Cigna representatives are setting up meetings with various doctors who are currently not accepting Cigna in an attempt to persuade them to accept Cigna's reimbursement rates. Commissioner Byrne suggested surveying all liquor employees and sending the results to Mr. D'Allessandro. He also recommended Mr. D'Allessandro be invited to the Commission meeting of November 19<sup>th</sup> to discuss this further.

The one item scheduled to appear on the next Governor and Council meeting concerns appointing a bank for the new Store #22 in Brookline.

Craig reminded the Bureau Chiefs that they should be working on how metrics can be used within their departments and reading the corresponding chapter in Rudy Giuliano's book.

The W-6 Expense Budget Activity Variance Report as of November 4, 2003 shows the year to be at about 34.7% expended, with total agency expenditures at about 33.7% of the budget. Concerns continue to be Class 50 monies in Store Operations and the warehouse. However, a slow down period should be occurring for the next couple of weeks.

George reported that he just received word that Don Hill will not sign the auto contracts which were recently brought to his attention. Therefore, the five vehicles being requested by Chief Moore will not be approved at this time. Commissioner Russell said she would like to see something in writing which states this. It was moved by Commissioner Maiola, seconded by Commissioner Russell, that these vehicles be put on P-4 orders. The motion was unanimously adopted.

Paperwork for the lawnmower for the two Hampton stores will be going out to bid.

Commissioner Byrne didn't think the Commission should move forward with any plans to fill vacant positions. Peter Engel said the recommendation to open the new Brookline store was contingent upon having adequate staffing, and that there is no pool to draw from. Commissioner Byrne asked that Peter come up with a recommendation regarding the Brookline opening. Craig recommended developing some contingency plans, perhaps closing some stores, reducing hours, etc., and be prepared to implement them. Chairman Maiola said there is a shortage of help in Store #70 Swanzey, and felt someone should be transferred to that store from Keene.

2. IT Report

New web training was conducted last week, and several Marketing staff are working on getting new content ready from the Marketing Department. They are now ready for the other bureaus to get involved.

A design meeting was held last week for the credit cards for web orders. It will be about 1 ½ weeks because of issues with pre and post authorization, but implementation should be ready before Thanksgiving.

There have been some complaints from licensees converting to the new ordering system at Law Warehouse, mainly because it is different. Mike Goclowski will be putting an article in the Hospitality newsletter about the system, including a short list of things licensees need to know when entering the web site. Craig is working with Mike on getting out notices to all licensees. Al Picconi suggested that a mailing be sent out to all brokers for their information.

**II. MARKETING & SALES REPORTS**

1. Store Operations:

Total store sales for the week ending 11/2/03 increased by 4.68% or \$214,943.61. There seems to have been a large swing from Keene to Swanzey and Chesterfield.

Maintenance crews are presently down at the new Brookline site. Store Operations was looking to bring in product at the end of next week and open the store the week of November 17<sup>th</sup>. Commissioner Byrne felt product shouldn't be put in until before it is determined whether or not there will be sufficient personnel. Commissioner Russell said the Commission really needed to look at whether or not the store should be opened, even though it would mean lost revenues to the state.

The Keene lease which was approved last week is now at the Attorney General's Office for review.

2. Purchasing Report: None.

3. Merchandising Report:

A. SPIRITS:

1) Test Market Products:

a. Test Market Request (3 Remy cognac-based liqueurs):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./Remy Amerique for new test market listings for Remy Red Berry, 750ML (assigned Code #5603), Remy Strawberry Kiwi, 750ML (assigned Code #5604) and Remy Grape Berry, 750ML (assigned Code #5605), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Results (Codes #4217, #592, #5323, #3656):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the delisting of Code #3662, Stoli Vanilla Vodka, 375ML size, as this product failed to achieve the gross profit required for full distribution at the conclusion of a six-month test market period, and approve specialty listings for the following codes which did earn their respective gross profits required for specialty status, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales: Code #592, Glenlivet Archive 21 Year, 750ML size; Code #4217, Grand Havana Rum, 750ML size; and Code #5323, Illy Espresso Coffee Liqueur, 750ML size. The motion was unanimously adopted.

It was further moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an appeal from Horizon Beverage Company regarding the delisting of Code #3656, Stoli Vanilla Vodka, 1.75L size, and grant this product specialty status. The motion was unanimously adopted.

2) Line Extension Request (Gosling Black Seal Rum, 375ML):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Marie Brizard to add a line extension to Goslings Black Seal Rum, 375ML size (assigned Code #4227), as this brand in both the 750ML and 1.75L sizes have earned their respective gross profits required for an added size listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) One Time Buy (Antique Bourbon Collection):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./Sazerac Company of a one time buy of four (4) limited production whiskies from the Antique Bourbon Collection, as recommended by

Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Store Demo (Dewar's 12-Year Old Scotch):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Bacardi USA to conduct dry tastings of Dewars 12-Year Old Scotch in selected stores and on various dates during the month of December 2003, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing and Sales. The motion was unanimously adopted.

5) December Special Offers:

a. 1 item – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from United Beverages, Inc., based upon depletions of one (1) spirit item, to be featured on sale during December 2003, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 2 additional items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve additional special offers from United Beverages, Inc., based upon depletions (without matching funds) of two (2) spirit items, to be featured on sale during December 2003, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Special Offers for December 2003 (2 items – Martignetti):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions of two (2) wine items, to be featured on sale during December 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Not Recommended – Wine Specialty (1 item):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the non-recommendation of one (1) wine code to be designated as a wine specialty product, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Recommended Special Wine Distribution (8 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the special wine distribution of eight (8) wine codes, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Recommended Allocated Wines for Distribution to Selected Stores (4 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the distribution of four (4) allocated wine codes to selected stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) “R” Wines for Allocation to Licensees (1 item):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve one (1) “R” wine for allocation to licensees selected by the broker and for retail distribution, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Primary Source Submissions (4 items – exclusive agent; 3 items – imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of four (4) wine codes which are not from primary source, but are offered by the exclusive marketing agent, and three (3) wine codes which are not from primary source, but are imported), as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**III. ENFORCEMENT & LICENSING REPORT – None.**

**IV. CHAIRMAN’S REPORT & LATE ITEMS**

**1. Bailment Requests:**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that Commission approve all previously reviewed requests for bailment releases/transfers dated October 30 through November 5, 2003. The motion was unanimously adopted.

**2. Coupon Approvals: None.**

**3. Late Items:**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc. to rescind a request to conduct information demonstrations in selected stores in promotion of the Players Extreme Vodka line. The motion was unanimously adopted.

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Anthony C. Maiola, Chairman

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John W. Byrne, Commissioner

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Patricia T. Russell, Commissioner

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